

FOR STATE OFFICE PROGRAMS

Recovery of Costs Guidance for Contract Cancellation/Termination Requests

This is South Carolina guidance on implementing recovery of cost policy (Conservation Program Contracting Manual, Part 512.57 and 512.58) for contract cancellation and termination requests. The purpose of this guidance is to provide consistent and equitable application of the policy for various situations and circumstances. Recovery of costs applies to both technical and financial assistance.

TECHNICAL ASSISTANCE – Recovery of costs allows for up to 20 percent of the funds obligated at the time of contract termination. Maximum recovery is based on the year of the contract. Guidelines for assessing recovery of costs for technical assistance on cancellation and termination requests are outlined in the table below.

	Situation	1 st Year	2 nd Year	3 rd Year	4 th +Year
	Maximum Penalty	7.5%	15.0%	18.0%	20.0%
		A	B	C	D
1	Practice in the contract is not feasible or not needed for the resource situation	0	0	0	0
2	Clear documentation of unavoidable and unforeseen problems that have transpired since the contract was approved	0	0	0	0
3	Personal hardship of one or more participants is clearly documented	0	0	0	0
4	NRCS employee errors	0	0	0	0
5	Person wants to cancel contract to enroll in an easement program such as WRP or GRP	0	0	0	0
6	Participant's involuntary loss of control of land (bankruptcy), except rented land	0	0	0	0
7	Hardship beyond the participant's control that has prevented compliance	0	0	0	0
8	Good faith effort made by participant to comply	0	0	0	0
9	Missing or incorrect signatures on CCC-1200 and/or CCC-1200 Appendix	0	0	0	0
10	Some documentation is provided regarding unavoidable and unforeseen problems transpiring since the contract was approved, but not clear and compelling,	3.8%	7.5%	9.0%	10.0%
11	Loss of rented land that producer certified to having control for length of contracts.	3.8%	7.5%	9.0%	10.0%
12	Personal hardship situation is mentioned, but strong and clear documentation is not provided	3.8%	7.5%	9.0%	10.0%
13	Other factors are cited such as increased costs and other similar miscellaneous factors, sold equip, changed operations	5%	10%	12%	15%
14	Person wants to cancel contract to switch to another program such as CRP	7.5%	15%	18%	20%
15	Termination was due to non-compliance with contract provisions	7.5%	15.0%	18.0%	20.0%
16	Practices installed with cost share have not been maintained or have been destroyed	7.5%	15.0%	18.0%	20.0%
17	Release from the contract is requested, but no supporting documentation is provided or supporting documentation does not meet the requirements above	7.5%	15.0%	18.0%	20.0%
18	Termination is due to fraud	7.5%	15.0%	18.0%	20.0%
19	Termination is due to non-compliance	7.5%	15.0%	18.0%	20.0%
20	Participant voluntary requests cancellation	7.5%	15.0%	18.0%	20.0%
21	Participant voluntarily loses control of land and there is no successor-in-interest	7.5%	15.0%	18.0%	20.0%

FINANCIAL ASSISTANCE – Recovery of costs will not be requested for installed conservation practices that meet all of the following:

- Assurance that failure to perform remaining contracted practices will not impair the effectiveness of those installed.
- Assurance that installed practices will provide conservation or environmental benefits consistent with program goals and objectives.
- Assurance that installed practices will be operated and maintained for the life span of the practices.

Recovery of costs will be requested for applied practices that are destroyed or that do not meet all of the conditions listed above. The amount of the recovery cost may be prorated for the time the practice was functioning according to NRCS standards.